



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

April 17, 2007

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: **DHS PARTICIPATION IN MEDICARE MODERNIZATION
ACT (MMA) SECTION 1011 PROGRAM**

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Officer

On January 19, 2006, I submitted the Department's first status report on our progress to enroll and participate in the MMA Section 1011 program, which provides partial federal reimbursement for emergency services to undocumented immigrants. This is the seventh in a series of periodic reports to inform your Board of our participation in this program.

On February 26, 2007 the Department received approximately \$3.19 million in reimbursement for Section 1011 program services provided during the Third Quarter Federal Fiscal Year (FFY) 2006. This is an increase of \$0.07 million over the \$3.12 million received for services provided during the Second Quarter FFY 2006. To date, the Department has received \$11.09 million in total Section 1011 program reimbursement. Please see the attached Section 1011 billing and reimbursement schedule for more information.

The critical compliance review issue since the beginning of the program has been to satisfy the Centers for Medicare & Medicaid Services (CMS) requirement to determine patient eligibility using indirect measures (not directly asking a patient if s/he is an *undocumented alien*) that are acceptable to the CMS fiscal intermediary, TrailBlazer Health Enterprises, LLC (TrailBlazer). After several months of work with TrailBlazer senior staff, the Department believes it has satisfied this requirement and is currently examining compliance audit results to verify that our indirect measures are acceptable.

As briefly discussed in previous reports, the Department has appealed the ruling imposed by TrailBlazer that has prevented the Department from billing for the Third Quarter FFY 2005 claiming period (first available billing quarter for the Section 1011 program). There has been little progress in this appeal and we have sought assistance from our County Legislative Lobbyist to seek redress of this denial. We continue to work with County Counsel to determine next steps.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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The Department is also continuing its work with County Counsel and outside legal counsel to determine the impact of Medi-Cal Redesign on receipt of Section 1011 reimbursement and whether the County can accept Medi-Cal Redesign and MMA Section 1011 payments.

The Department will continue to provide periodic reports to the Board on its participation in the Section 1011 program.

Please let me know if you have questions or require additional information.

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610:001

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

**COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES
MMA SECTION 1011 BILLING AND REIMBURSEMENT SUMMARY
THIRD QUARTER FFY 2005 – THIRD QUARTER FFY 2006
(Dates of Service May 10, 2005 through June 30, 2006)**

Federal Fiscal Year (Quarter)	Dates of Service	Total Claims Submitted	Total Gross Charges (Billed)	Total Billed Days	Average Reimbursement/Claim	Payment Date	Total Reimbursement¹
Third Quarter FFY 2005	May 10, 2005 to June 30, 2005	Pending	Pending	Pending	N/A	February 27, 2006	Appeal Submitted ²
Fourth Quarter FFY 2005	July 1, 2005 to September 30, 2005	903	\$12,412,965	932	\$2,619	May 29, 2006	\$2,364,836 ³
First Quarter FFY 2006	October 1, 2005 to December 30, 2005	1,417	\$15,225,675	1,137	\$1,705	August 28, 2006	\$2,416,185 ³
Second Quarter FFY 2006	January 1, 2006 to March 31, 2006	1,048	\$11,930,683	1,714	\$2,974	November 27, 2006	\$3,117,348 ³
Third Quarter FFY 2006	April 1, 2006 to June 30, 2006	910	\$12,858,944	1,780	\$3,507	February 26, 2007	\$3,191,822 ³
Total-to-Date		4,278	\$52,428,267	5,563	\$2,592⁴		\$11,090,191⁵

1. Reimbursement is based on a combined Medicare Cost Report-TrailBlazer methodology that has provided an average reimbursement rate to date of 21.15%

2. An appeal was sent to TrailBlazer on July 26, 2006 to allow the County to claim for the Third Quarter FFY 2005 on the grounds that TrailBlazer failed to timely process the County's approved application

3. Paid claims are subject to eligibility compliance and medical review that can result in repayment of a paid claim denied by TrailBlazer as part of its compliance and medical review final determination process

4. Average reimbursement per claim reflects quarterly variances in average length-of-stay per claim (Note: Statewide Section 1011 provider payments per claim have averaged \$1,601 to date)

5. If it is determined that provisions of the proposed State Medi-Cal Redesign (or other reform proposals) preclude claiming for Section 1011 services the Department will make arrangements to return some or all of the Section 1011 payments received